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REPORT ON THE IMPLEMENTATION OF THE FY 1987 NATIONAL
DEFENSE AUTHORIZATION (U) OFFICE OF THE UNDER SECRETARY
OF DEFENSE (ACQUISITION) WASHIN. 1987

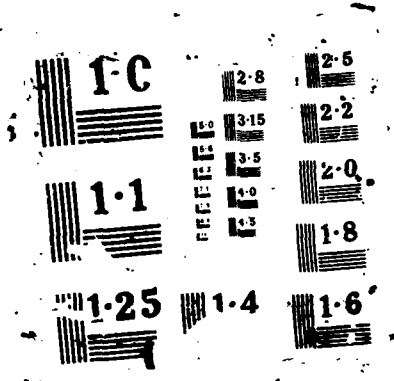
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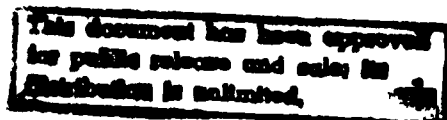
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PART I
EXECUTIVE SUMMARY

FY 1987 National Defense Authorization Act, Public Law 99-661, section 1207 establishes a 5% contract and subcontract goal on Department of Defense (DoD) awards to small disadvantaged businesses (SDB), historically Black colleges and universities (HBCU) and minority institutions (MI) for FYs 1987, 1988, and 1989. This Act authorizes the Secretary of Defense to use less than full and open competition and to pay up to 10% above a fair market cost (FMC) to accomplish the 5% goal. It also authorizes the placement of contracts with private sector entities to provide technical assistance to the target communities.

The Deputy Secretary of Defense assigned specific goals to implement the 5% contract and subcontract goal to the Military Services and Defense Agencies on December 23, 1986. Also, based on the authority contained in the Act, the Office of the Under Secretary of Defense (Acquisition) (USD(A)) after careful review and analysis of the provisions, developed policies and procedures to implement certain new authorities. These policies and procedures, which were issued in the Federal Register on May 4, 1987, included an interim-rule covering a SDB set-aside, and other proposed alternatives including the authority to negotiate sole source contracts with SDBs and the payment of up to a 10% differential to SDBs bidding in open competition in order to award contracts to attain the goal. The interim-rule became effective June 1, 1987.

Due to the unique and unprecedented nature the 5% goal and the new contracting authority, changes were required to be made by DoD in solicitation clauses, contract terms and conditions, bid review and evaluation techniques. The Act also required changes in procedures for identifying SDBs, and



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collecting data to report results toward the goal. Although the new procedures are not yet in place, DoD is presently awarding contracts to SDBs and making progress towards the 5% goal. During the first five month of FY 1987 (the most recent data available), DoD prime contract awards to SDBs approximated 2.1% as compared with 1.8% during the same period in FY 1986. Awards to HBCUs and MIs amounted to .35% of total awards to Higher Educational Institutions.

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Exhibits E, F, and I are deleted because they are illegible, and they are no longer pertinent to the report.
Per Ms. Tracey L. Pinson, OSD/SADBU

PART II
SECTION A

BACKGROUND

The FY 1987 National Defense Authorization Act, Public Law 99-661 (hereafter referred to as the Act), section 1207 established a 5% goal for DoD contract awards to SDBs, HBCUs, and MIs. Section 1207 provided new contracting authority to accomplish this goal. The effect of this Act is that in awarding contracts (including subcontracts), DoD is authorized to use less than full and open competition (including awards under section 8(a) of the Small Business Act), to pay up to 10% above FMCs. The eligibility for firms to receive contracts and subcontracts awarded under the new contracting authority as prescribed in the Act includes those small businesses, including mass media, meeting the definition of Section 8(d) of the Small Business Act. MIs are defined by the Secretary of Education, pursuant to the General Education Provisions Act U.S.C.(20 1221 et seq.).

1. MANDATORY GOAL AND DISCRETIONARY CONTRACTING AUTHORITY.

a. P.L. 99-661 establishes in FY 1987, 1988, and 1989, as an objective for DoD, a goal of 5% for contract awards in procurement; research, development, test, and evaluation; military construction; and operation and maintenance; (hereafter referred to as total awards) to SDBs, HBCUs, and MIs. It requires the Secretary of Defense to exercise his utmost authority, resourcefulness, and diligence in utilizing the new contracting authority to attain the goal.

b. The new authority provided by section 1207 will result in a significant departure from the traditional manner in which certain Defense contracts are awarded. Set-asides for these purposes in the past have normally been accomplished by: (1) set-asides contracts for exclusive competition among small businesses pursuant to the Federal Acquisition Regulation (FAR) implementation of section 15(e) of the Small Business Act and the Competition in Contracting Act of 1984 (CICA), and (2) contracts awarded to the Small Businesses Administration (SBA) under the authority of section 8(a) of the Small Business Act (8(a) program).

2. APPLICABILITY

a. The Act provides that the goal does not apply to the extent the Secretary determines that compelling national security considerations require otherwise. It also requires that the Secretary, when making such a determination, to notify Congress of the reasons for such determination.

b. The Act provides that certain procedures and accompanying authority are to be used to the extent practicable. In this respect, the authority to use less than full and open competition is exercised on contracts valued at \$25,000 or more. The basis for this decision is the emphasis on simplifying the procurement process, increasing efficiency in awarding contracts, the high administrative costs involved to develop a system or to modify the present system to implement the new procedure, and the direct impact the inclusion of these purchases would have on other small businesses.

3. IMPLEMENTATION

a. Regulatory changes. The Act was passed on November 14, 1986, forty-five days into the 1987 fiscal year. The Deputy Secretary assigned specific goals to the DoD components to achieve the 5% goal for contracts and subcontracts mandated by section 1207(a), to the Military Departments and Defense Agencies by letter of December 23, 1986. (Exhibit A) In implementing the 5% goal requirement, the OUSD(A) undertook a comprehensive review of the provisions of the Act, and DoD procurement regulations and directives as they now exist. Also, the OUSD(A) made a preliminary assessment as to the need for proposed changes in the regulations and the impact the new requirements of the Act would have on firms other than SDBs.

The process of developing a plan for implementation of the other aspects of the Act (Exhibit B), drafting a proposed policy statement for the Secretary (Exhibit C), designing a technical assistance program (Exhibit D), publicizing the program to the general public and potential contractors, revising and issuing new regulations, and orienting SADBUs and contracting personnel as to the requirements of the Act, were accomplished expeditiously. All DoD SADBUs program managers were trained in a special workshop held in Orlando, Florida, during the week of March 9-13, 1987.

Implementation of the requirement to provide technical assistance began by announcing in the Commerce Business Daily on March 11, 1987, three contracts for these services to be placed with minority sector entities. (Exhibit E) The implementation of the contracting procedures began by including interim-final rules and other proposed rules in the Federal Register on

May 4, 1987 (Exhibit F). Also, the interim-final rule indicated that the new contracting procedures will appear in solicitations issued on and after June 1, 1987. It is anticipated that awards will be made under the solicitations beginning in late July 1987.

b. Small Disadvantaged Business Contracting Policies and Procedures. The policies and procedures established for making prime contract awards toward the attainment of the 5% goal, as it relates to SDBs, involve both contracts awarded under the 8(a) program and contracts awarded under competitive procedures. The Deputy Secretary of Defense policy statement to implement the 5% goal in the Department of Defense Supplement to the Federal Acquisition Regulation Supplement (DFARS) provided the following:

(1) 8(a) Program. Greater emphasis is placed on supporting the 8(a) program and maximizing efforts in this program to attain the goal. The DoD requirements will be considered by program managers and contracting officers early in the planning stages of acquisitions for supporting the SBA and/or 8(a) program contractors as a part of the SBA Business Development Program. Also, it is our intention that requirements committed to the 8(a) program will remain in the 8(a) program.

(2) Contracts Using Less Than Full and Open Competition. In exercising the authority granted to the Secretary to use less than full and open competition, a SDB set-aside is established. This requires procuring contracting officers (PCO) to set-aside certain acquisitions for exclusive competition among SDBs whenever the PCO can determine that offers will be received from two or more SDBs offering their

products and products of other SDB concerns, and that award will not exceed the FMC by more than 10%. Under this procedure, an award will be made to the low SDB, if the SDB bid is not more than 10% higher than the FMC for such goods and services. This procedure was publicized in the Federal Register as an interim-rule and will apply to solicitations issued on or after

June 1, 1987.

c. HBCUs and MI Contracting Policy and Procedures.

A decision was made to develop a parallel policy for implementation of the 5% goal as it relates to HBCUs and MIs because these entities are normally involved in research and they are rarely in competition with each SDBs. Additionally, the Secretary, prior to the enactment of P.L. 99-661, issued a policy statement regarding Executive Order 12320 (Exhibit G). The OUSD(A) developed an aggressive program and plan for increasing HBCUs participation in DoD contracting programs.

d. Measuring Impact on other Small Businesses.

Section 1207 of the Act requires a report to the Congress on the impact of the 5% goal on small businesses that are not disadvantaged. OUSD(A) made a preliminary review and determined that there is a presumption of impact in that there is a high likelihood that any awards made to SDBs using less than full and open competition would otherwise have been made utilizing small business set-aside procedures under which non-disadvantaged small businesses could compete. Also, any significant increase in awards under the 8(a) program would involve requirements that would normally be solicited competitively on small business set-asides. Because of the requirement in the Act for an analysis of such impact, a quarterly report requirement is being developed to compile the necessary information to report to the Congress once awards are made under the new procedure.

e. Educating the Business Community. A great deal of time was spent in educating the business community and DoD personnel about the 5% goal and new contracting procedures. This was accomplished as follows.

(1) Commerce Business Daily (CBD). A notice concerning the 5% goal was published in the CBD during the week of February 23, 1987. (Exhibit I) In addition, as mentioned before, individual solicitations issued based on the new requirement to place contracts for technical assistance were publicized in the CBD during the week of March 11, 1987.

(2) Conferences and Meetings. SADBUs personnel have met with hundreds of business persons and a number of trade associations and participated in many meeting and conferences hosted by local governments and trade associations to educate actual and potential suppliers on the DoD procurement program. Business representatives attending these conferences were invited to make their capabilities and interest known to the major DoD procurement offices so that bids and offers can be solicited from them. In addition to public education efforts, the Military Services, and Defense Agencies plan to conduct internal seminars and workshops on the 5% goal and the DoD implementation, once the regulations are issued to the procurement offices.

SECTION B
PROGRESS TOWARDS 5% GOAL

A report on progress towards the 5% goal during the first six months of FY 87 is reflected in the chart provided at Exhibit H. A summary is as follows:

a. Prime contracts valued at \$48,791 million were awarded to U.S. business firms. Of this total \$1,025 million were awarded to SDBs. These awards represented 2.1% of the total awards to U.S. business firms, compared with the mandated goal of 5%. This percent exceeds the 1.8% accomplishment for the same period of time in FY 1986. (Exhibit J)

b. Prime contractors placed subcontracts valued at \$52 billion during the period. Of this total \$227 million was awarded to SDBs. This represents 1.8%, as compared with a 5% subcontract goal. (Exhibit K)

c. During the period no contracts were awarded as a result of the SDB set-aside procedures because they do not take effect until June, 1987; therefore, no premiums under these procedures were paid in order to award contracts using less than full and open competition. Also, there are no statistics to identify awards by ethnic group, as prescribed by the Act.

e. Prime contracts valued at \$839 million were awarded to Higher Educational Institutions (HEI). Of this total \$3 million were awarded to HBCUs and MIs. These awards represents .35% of the total awards to HEIs. (Exhibit L)

f. Similarly, there were no contracts reported by the DoD procurement offices that were awarded using less than full and open competition utilizing the new procedures (see c above) which would otherwise have been awarded under small business set-asides.

g. There were no instances reported where the SDBs, HBCUs, and MIs failed to perform within the cost and technical aspects of the contract.

SECTION C

PROBLEMS ANTICIPATED IN IMPLEMENTING THE 5% GOAL

The procedures to implement the goal represent a major departure from those normally used in awarding contracts and subcontracts. This significant change, based on the SDB set-aside and the 10% premium authority, could cause many administrative and technical problems in the procurement program. Also, much of the information required to process these awards and to report to the Congress on the results are not available as a part of the regular procurement reporting system. Thus new systems were developed.

1. PROBLEMS RELATED TO BUSINESS STATUS.

Small Disadvantaged Business Eligibility. Two approaches to determine the eligibility of firms to bid and receive prime contracts under SDB set-aside procedures were considered. One approach was to establish a certifying process similar to the 8(a) program process and other systems used by state and local governments. The other approach was a certification in the contract as to business status with notification of the penalties for misrepresentation in section 1207. The latter was used for two reasons: a certification process would be too costly; and DoD is not staffed to perform the necessary surveillance. Accordingly, the firms are required to submit with their signed bids a certification representing the firm as a SDB and to specify to which ethnic group the firm belongs. Future reports will include additional problems which may rise during implementation.

2. PROBLEMS IN ESTABLISHING THE SDB SET-ASIDE. As indicated in Part II, section A, paragraph 3.b(2), a SDB set-aside was established using the "rule of two or more" criteria

applied to small business set-asides. A partial set-aside was considered, but was deferred because this approach was considered more costly and could cause many administrative problems during the procurement process. Although partial set-asides are appropriate in certain instances, especially when necessary to protect a particular segment of the industrial base, they do have certain negative features. In practice, partial set-asides require dual negotiations. For example, the non set-aside portion would be awarded first to provide the basis of pricing for award of the set-aside portion of the procurement. In awarding the set-aside portion, another responsibility determination must be made on the bidder and price negotiations conducted to award the contract. If the bidder is a new source or one that has experienced problems in performing other contracts, a referral to SBA for certificate of competency consideration may be necessary. This could further effect procurement administrative lead time.

The major problem involves cost. On a partial set-aside structured in the same manner as the present small business partial set-aside, the requirement is severed into two economical-production-quantities. The bidder on the non set-aside portion is permitted to bid on only the non set-aside portion. The bidder on the set-aside quantity is required to bid on the entire quantity. The bidder on the set-aside quantity is required to match the price at which the non set-aside quantity was awarded. There exists a likelihood that DoD will pay an overall higher price because the price of the non set-aside is based on a smaller quantity, usually one-half of the requirement. DoD would normally expect to pay overstated less if the award price is based on competition for the total quantity. In addition, to authorize the payment of

up to 10% above the non set-aside price would drive prices up even further. The net results is that DoD would pay more than 10% above a FMC. For these reasons, the total SDB set-aside approach was preferred.

Another problem encountered in establishing a SDB set-aside involves the participation of dealers. The main concern was whether a SDB dealer should provide products of other SDBs or small businesses that are not disadvantaged. In making the determination to require SDB dealers to provide products of other SDBs the following factors were considered:

(a) Following the same practice as on small business set-asides, the SDB set-aside and price preference would benefit only the firms in the targeted minority sector.

(b) Allowing SDB dealers to provide products of other small businesses would be detrimental to SDB manufacturers trying to compete for the same requirements. More efficient and larger small business manufacturers are in position to make SDB dealers more price competitive, even with a dealer mark-up.

(c) Requiring the products of other SDBs would encourage dealerships among SDB manufacturers and SDB dealers. This would be vital to those SDB manufacturers that cannot afford widespread marketing efforts required to maximize bidding opportunities in the defense marketplace. SDB dealers could fill this need.

(d) Expanding the benefits of the set-aside preference would encourage fronts and new start business ventures wherein the small business manufacturer may be unfamiliar with DoD contracting and quality requirements thus,

the risk involved with contract performance is placed entirely on the SDB dealer and could endanger performance and even put the dealer out of business.

These factors were considered in the decision to require initially that SDBs provide products of other SDBs. It was recognized that this would limit SDB opportunities for dealers, but would be in the best long term interest of the entire SDB sector. If experience prove otherwise, other options may be pursued. This requirement could be revised to allow SDBs to provide products of other small businesses.

3. PROBLEMS RELATING TO APPLICATION OF THE PRICE DIFFERENTIAL.

The first problem was to decide whether the authorized premium would apply to competitive procurements using less than full and open competition, contracts awarded under the 8(a) program, or both. It was determined that during the initial implementation, the premium would apply only to competitive set-aside contracts. This decision was based on the following.

a. 8(a) contracts awarded to the SBA by the DoD are used for business development program purposes. The SBA is appropriated funds from the Congress to cover business development expenses on negotiated 8(a) contracts. Applying a further premium may result in dual funding.

b. In many cases, 8(a) firms will be bidding competitively on the same or similar requirement; thus, the firm should be encouraged to participate in the competitive process rather than rely solely on the 8(a) program for most of its business base. Applying the premium only to competitive SDB set-asides provides such an incentive.

4. PROBLEMS RELATING TO THE DISRIBUTION OF CONTRACTS

Contracts by Ethnic Groups. The Federal Acquisition Regulation (FAR) requires bidders to complete a solicitation provision in which bidders certify that the business is a SDB. Upon contract award a DD Form 350, Individual Procurement Action Report, must be completed for each contract in excess of \$25,000. This information is compiled and maintained in the DoD Procurement Management Information System. Section 1207 (g)(3)(C) requires a report by designated ethnic group on contracts and subcontracts awarded under the 5% goal. Such data has never been collected. To comply with this requirement a new reporting requirement was established. This may cause problems during implementation because some firm may not wish to disclose this information.

5. PROBLEMS IN AWARDING AND REPORTING CONTRACTS TO HBCUs AND MIs. Outreach efforts under the new DoD initiative that began in August revealed several areas where improvements can be made. One area involves educating HBCUs and MIs on the full range of DoD research program and contracting opportunities. Most of these institutions are not familiar with DoD contracting procedures and have devoted little or no resources to pursue defense research opportunities. Also, it was discovered that DoD research and contracting personnel need more education in the area of existing and potential capability of HBCUs and MIs to do defense work.

Another problem is that of reporting DoD dollars awarded to HBCUs. There is concern that all of the awards and activities involving these institutions are not being properly reported in the DoD Management Information System.

The DoD plan contained in Exhibit H was developed in full knowledge and consideration of these problems. It is believed that in the near future the HBCU and MI program will make significant progress towards the 5% goal.

8. OTHER PROBLEMS. Other problems that develop during publication in the Federal Register comment period, and that arise during implementation of the new procedures, will be included in the future report.

SECTION D
CONCLUSIONS

Although the goal is a three-year goal, sufficient experience has been already gained to draw certain conclusions as to the expectation of the new goal as follows:

1. Industry reaction - The general reaction among SDBs and MIs is widespread acceptance. However, many express concern about other aspects of economic development that are not addressed by the 5% goal. These involve financial issues, such as the need for capital development and bonding relief on construction contracts. A major concern is actual implementation at the working levels. Therefore, initiatives to achieve the goal will require close monitoring.

2. Impact on other program - Implementation of the program will have an effect on other programs. The small business set-aside program will be affected because requirements that are normally set-aside for SDBs would otherwise most likely be solicited as small business set-asides. However, it is expected that awards for many goods or services not purchased from small businesses will result, as new SDB, HBCU, and MI capability are identified and included in the program.

3. Continuous training - Implementation of the new authority will require continuous training of DoD personnel at the contracting level, as well as SDB's and minority institutions interested in participating in DoD procurement and research programs. This will be accomplished by internal DoD training programs, and through contracts with private sector entities for SDBs, HBCUs and MIs entities. Also, DoD personnel will need to continue to provide effective counseling to all participants in DoD procurement programs.

The implementation of P.L. 99-661 was accomplished according to the original plan. The transistion from the passing of the Law through the regulatory process was made in a timely manner. Although the interim-rule implementing the SDB set-aside is effective on June 1, 1987, it will take 12 full months of operating and awarding contracts under the new authority to determine the effectiveness of the implementation on increasing SDBs, HBCUs, and MIs participation in DoD contracts and subcontracts.

EXHIBITS

- A. Deputy Secretary of Defense memo of December 23, 1987 assigning 5% goal to Military Departments and Defense Agencies.
- B. Department of Defense (DoD) plan for implementing the 5% goal.
- C. Deputy Secretary of Defense memo of March 18, 1987 announcing the DoD policy on 5% goal and providing the basic guidelines for implementing procedures.
- D. Design of DoD Technical Assistance Service Program.
- E. Commerce Business Daily (CBD) notice of March 11, 1987 publicizing three requirements to be placed on contract for technical assistance services with private sector entities.
- F. Interim-rule and proposed rules for implementing contracting authority to use less than full and open competition.
- G. Secretary of Defense policy statement regarding the DoD Historically Black Colleges and Universities (HBCU) program.
- H. DoD plan and initiatives for increasing HBCU participation in all DoD funded programs.
- I. CBD notice publicizing the 5% goal assigned by the Congress to the DoD.
- J. Chart reflecting a summary of prime contract awards to small disadvantaged businesses.
- K. Chart reflecting a summary of subcontract awards to small disadvantaged businesses.
- L. Chart reflecting summary of awards to HBCUs and MI.

EXHIBIT A



THE DEPUTY SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

23 DEC 1986

MEMORANDUM FOR SECRETARY OF THE ARMY

SUBJECT: Final FY 1987 Small Business and Small Disadvantaged Business Goals

In FY 1986, the Army placed \$33.0 billion in prime contract awards with U.S. business firms, \$8.6 billion or 25.9% of which was placed with small business against a goal of 26.3%, a shortfall of 0.4%. Your small business set-aside awards amounted to \$5.1 billion or 15.4%, exceeding your goal of 14.6%. The Army's rate of small business subcontract performance of 41.2%, exceeded its goal of 39.1%.

In FY 1986, the Army awarded \$1,258 million in section 8(a), prime, and subcontract awards to small disadvantaged business concerns against a goal of \$1,651 million. While this performance fell short of the high goal mandated by the Congress, your awards exceeded your previous year's performance by \$40 million.

The Army awarded \$357 million in prime contracts to women-owned small business concerns during FY 1985. This accomplishment exceeded your goal of \$335 million by \$22 million.

This performance reflects well on your Office of Small and Disadvantaged Business Utilization, commanders, contracting personnel, and small and disadvantaged business utilization personnel. Please convey my personal appreciation to them for their efforts that produced this successful year for small business, small disadvantaged business, and women-owned small business firms.

In establishing your final goals for FY 1987, I have considered the goals proposed by the Army, past Army small business and small disadvantaged business performance, planned expenditures by claimant program, and the potential for small business and small disadvantaged business firms to provide a greater share of the Army's requirements for products and

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services. Factors also considered were the goals established in the DoD FY 1987 Authorization Act and the overall DoD-wide goals resulting from our recently concluded negotiations with the Small Business Administration. Accordingly, I am assigning the Army the following final FY 1987 goals:

a. Small Business Prime Contracting	26.2%
b. Small Business Set-Asides	15.0%
c. Small Business Subcontracting	42.9%
d. Small Business R&D Awards	7.6%*
e. Small Disadvantaged Business, 8(a) & Direct	5.0%
f. Small Disadvantaged Business Subcontracting	5.0%
g. Women-Owned Small Business	\$310.6 Million

* To be computed as a percentage of the Army's FY 1987 R&D Appropriation of \$4.6 billion.

Your small disadvantaged business goal is based on the requirements set forth in Public Law 99-661, the DoD FY 1987 Authorization Act, which establishes five percent prime and subcontract goal objectives for small disadvantaged business (SDB) firms. I recognize that attainment of this five percent goal represents a quantum increase over your previous year's performance; however, your earnest effort to achieve this goal is requested. In order to accomplish this objective, the law authorizes the use of new contracting procedures and policy options. These are currently in the regulatory review process. For the time being, current program authorities, specifically the 8(a) program, should be utilized to the maximum extent.

Because we are required to report to the Congress attainment of this goal at the end of the year, it is requested that you establish these goals under a formal procedure such as a management by objectives program, and closely monitor performance and problems associated with this initiative.

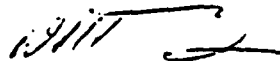
The Congress, in its passage of P.L. 99-500, the FY 1987 DoD Appropriation Act, has again charged "...The Secretary of Defense and each purchasing and contracting agency of DoD to assist small and minority owned business to participate equitably in the furnishing of commodities and services financed with funds appropriated under this Act by increasing, to an optimum level, the resources and number of personnel jointly assigned to promoting both small and minority business involvement in purchases financed with funds appropriated herein...." Please ensure your Department complies with this

mandate. In addition, commanders and managers of purchasing activities shall have goal accomplishment included as part of their annual performance appraisals.

Both Secretary Weinberger and I are most impressed with the contributions made by this nation's small business community to the Department's mobilization readiness base and to our efforts to obtain quality products and services at fair and reasonable prices. This is demonstrated by the fact that of the \$26.9 billion that DoD awarded to small business last fiscal year, \$23.7 billion or 88.2% was awarded on the basis of competition. This clearly shows that small firms are successful when given the chance to compete. The DoD Small Business Specialists who have primary responsibility for conducting our procurement outreach counseling services are to be commended for a job well done.

You are further requested to submit a copy of your implementation of these goals to my office.

I solicit your personal involvement and support and that of your staff as well as the commanders of contracting activities in the attainment of the specific goals I have assigned to your Department. I believe them to be both challenging and attainable.



William H. Taft, IV



THE DEPUTY SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

23 DEC 1986

MEMORANDUM FOR SECRETARY OF THE NAVY

SUBJECT: Final FY 1987 Small Business and Small Disadvantaged Business Goals

In FY 1986, the Navy placed \$44.7 billion in prime contract awards with U.S. business firms, \$7.4 billion or 16.8% of which was placed with small business against a goal of 15.4%. This is an extremely noteworthy accomplishment and a significant factor in exceeding the DoD-wide goal. Your small business set-aside awards amounted to \$4.0 billion or 8.9%, exceeding your goal of 8.6%. The Navy's rate of small business subcontracting performance of 31.3% exceeded its 30.1% goal.

In FY 1986, the Navy awarded \$960 million in section 8(a), prime, and subcontract awards to small disadvantaged business concerns against a goal of \$2,362 million. While this performance fell short of the high goal mandated by the Congress, your awards exceeded your previous year's performance by \$91 million.

The Navy awarded \$170 million in prime contracts to women-owned small business concerns during FY 1986 which was slightly under your goal of \$174 million.

This overall outstanding performance reflects highly on your Office of Small and Disadvantaged Business Utilization, commanders, contracting personnel, and small and disadvantaged business utilization personnel. Please convey my personal appreciation to them for their efforts that produced this successful year for small business, small disadvantaged business, and women-owned small business firms.

In establishing your final goals for FY 1987, I have considered the goals proposed by the Navy, past Navy small business and small disadvantaged business performance, planned expenditures by claimant program, and the potential for small business and small disadvantaged business firms to provide a greater share of the Navy's requirements for products and services. Factors also considered were the goals established in the DoD FY 1987 Authorization Act and the overall DoD-wide goals resulting from our recently concluded negotiations with

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the Small Business Administration. Accordingly, I am assigning the Navy the following final FY 1987 goals.

a. Small Business Prime Contracting	15.2%
b. Small Business Set-Asides	8.7%
c. Small Business Subcontracting	30.9%
d. Small Business R&D Awards	3.0*
e. Small Disadvantaged Business, 8(a) & Direct	5.0%
f. Small Disadvantaged Business Subcontracting	5.0%
g. Women-Owned Small Business	\$194.0 Million

*To be computed as a percentage of the Navy's FY 1987 R&D Appropriation of \$9.3 billion.

Your small disadvantaged business goal is based on the requirements set forth in Public Law 99-661, the DoD FY 1987 Authorization Act, which establishes five percent prime and subcontract goal objectives for small disadvantaged business (SBD) firms. I recognize that attainment of this five percent goal represents a quantum increase over your previous year's performance; however, your earnest effort to achieve this goal is requested. In order to accomplish this objective, the law authorizes the use of new contracting procedures and policy options. These are currently in the regulatory review process. For the time being, current program authorities, specifically the 8(a) program, should be utilized to the maximum extent.

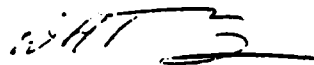
Because we are required to report to the Congress attainment of this goal at the end of the year, it is requested that you establish these goals under a formal procedure such as a management by objectives program, and closely monitor performance and problems associated with this initiative.

The Congress, in its passage of P.L. 99-661, the FY 1987 DoD Appropriation Act, has again charged "...The Secretary of Defense and each purchasing and contracting agency of DoD to assist small and minority owned business to participate equitably in the furnishing of commodities and services financed with funds appropriated under this Act by increasing, to an optimum level, the resources and number of personnel jointly assigned to promoting both small and minority business involvement in purchases financed with funds appropriated herein...." Please ensure your Department complies with this mandate. In addition, commanders and managers of purchasing activities shall have goal accomplishment included as part of their annual performance appraisals.

Both Secretary Weinberger and I are most impressed with the contributions made by this nation's small business community to the Department's mobilization readiness base and to our efforts to obtain quality products and services at fair and reasonable prices. This is demonstrated by the fact that of the \$26.9 billion that DoD awarded to small business last fiscal year, \$23.7 billion or 88.2% was awarded on the basis of competition. This clearly shows that small firms are successful when given the chance to compete. The DoD Small Business Specialists who have primary responsibility for conducting our procurement outreach counseling services are to be commended for a job well done.

You are further requested to submit a copy of your implementation of these goals to my office.

I solicit your personal involvement and support and that of your staff as well as the commanders of contracting activities in the attainment of the specific goals I have assigned to your Department. I believe them to be both challenging and attainable.



William H. Taft, IV



THE DEPUTY SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

23 DEC 1986

MEMORANDUM FOR SECRETARY OF THE AIR FORCE

SUBJECT: Final FY 1987 Small Business and Small Disadvantaged Business Goals

In FY 1986, the Air Force placed \$41.7 billion in prime contract awards with U.S. business firms, \$4.9 billion or 11.7% of which was placed with small business against a goal of 10.3%. This is an extremely noteworthy accomplishment and a significant factor in exceeding the DoD-wide goal. Your small business set-aside awards amounted to 6.0% against a goal of 5.3% while your small business subcontract awards of 31.0% exceeded your goal of 28.9%.

In FY 1986, the Air Force awarded \$929 million in section 8(a), prime, and subcontract awards to small disadvantaged business concerns against a goal of \$2,087 million. While this performance fell short of the high goal mandated by the Congress, your awards exceeded your previous year's performance by \$74 million.

The Air Force awarded \$249 million in prime contracts to women-owned small business concerns during FY 1986. This accomplishment exceeded your goal of \$205 million by \$45 million.

This overall outstanding performance reflects highly on your Office of Small and Disadvantaged Business Utilization, commanders, contracting personnel, and small and disadvantaged business utilization personnel. Please convey my personal appreciation to them for their efforts that produced this successful year for small business, small disadvantaged business, and women-owned small business firms.

In establishing your final goals for FY 1987, I have considered the goals proposed by the Air Force, past Air Force small business and small disadvantaged business performance, planned expenditures by claimant program, and the potential for small business and small disadvantaged business firms to provide a greater share of the Air Force's requirements for products and services. Factors also considered were the goals established in the DoD FY 1987 Authorization Act and the overall DoD-wide goals resulting from our recently concluded

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negotiations with the Small Business Administration. Accordingly, I am assigning the Air Force the following final FY 1987 goals:

a. Small Business Prime Contracting	11.3%
b. Small Business Set-Asides	5.6%
c. Small Business Subcontracting	30.2%
d. Small Business R&D Awards	2.9*
e. Small Disadvantaged Business, 8(a) & Direct	5.0%
f. Small Disadvantaged Business Subcontracting	5.0%
g. Women-Owned Small Business	\$249.4 Million

* To be computed as a percentage of the Air Force's FY 1987 R&D Appropriation of \$15.1 billion.

Your small disadvantaged business goal is based on the requirements set forth in Public Law 99-661, the DoD FY 1987 Authorization Act, which establishes five percent prime and subcontract goal objectives for small disadvantaged business (SBD) firms. I recognize that attainment of this five percent goal represents a quantum increase over your previous year's performance; however, your earnest effort to achieve this goal is requested. In order to accomplish this objective, the law authorizes the use of new contracting procedures and policy options. These are currently in the regulatory review process. For the time being, current program authorities, specifically the 8(a) program, should be utilized to the maximum extent.

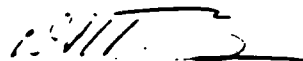
Because we are required to report to the Congress attainment of this goal at the end of the year, it is requested that you establish these goals under a formal procedure such as a management by objectives program, and closely monitor performance and problems associated with this initiative.

The Congress, in its passage of P.L. 99-661, the FY 1987 DoD Appropriation Act, has again charged "...The Secretary of Defense and each purchasing and contracting agency of DoD to assist small and minority owned business to participate equitably in the furnishing of commodities and services financed with funds appropriated under this Act by increasing, to an optimum level, the resources and number of personnel jointly assigned to promoting both small and minority business involvement in purchases financed with funds appropriated herein...." Please ensure your Department complies with this mandate. In addition, commanders and managers of purchasing activities shall have goal accomplishment included as part of their annual performance appraisals.

Both Secretary Weinberger and I are most impressed with the contributions made by this nation's small business community to the Department's mobilization readiness base and to our efforts to obtain quality products and services at fair and reasonable prices. This is demonstrated by the fact that of the \$26.9 billion that DoD awarded to small business last fiscal year, \$23.7 billion or 88.2% was awarded on the basis of competition. This clearly shows that small firms are successful when given a chance to compete. The DoD Small Business Specialists who have primary responsibility for conducting our procurement outreach counseling services are to be commended for a job well done.

You are further requested to submit a copy of your implementation of these goals to my office.

I solicit your personal involvement and support and that of your staff as well as the commanders of contracting activities in the attainment of the specific goals I have assigned to your Department. I believe them to be both challenging and attainable.



William H. Taft, IV



THE DEPUTY SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

23 DEC 1986

MEMORANDUM FOR DIRECTOR, DEFENSE LOGISTICS AGENCY

SUBJECT: Final FY 1987 Small Business and Small Disadvantaged Business Goals

In FY 1986, the Defense Logistics Agency (DLA) placed \$13.5 billion in prime contract awards with U.S. business firms, with \$5.5 billion or 40.3% awarded to small business. This fell short of your small business goal of 44.0%. Your small business set-aside awards amounted to \$2.5 billion or 18.3% against a goal of 19.5%. Small business subcontract awards amounted to \$11.2 billion or 45.7% exceeding your goal of 45.0%. It appears that greater emphasis and initiative is required in the small business prime contracting and set-aside program areas.

In FY 1986, the DLA awarded \$917 million in section 8(a), prime, and subcontract awards to small disadvantaged business concerns against a goal of \$1,141 million. While this performance fell short of the high goal mandated by the Congress, your awards exceeded your previous year's performance by \$94 million.

The DLA awarded \$249 million in prime contracts to women-owned small business concerns during FY 1986. This accomplishment exceeded your goal of \$191 million by \$58 million.

In establishing your final goals for FY 1987, I have considered the goals proposed by the DLA, past DLA small business and small disadvantaged business performance, planned expenditures by claimant program, and the potential for small business and small disadvantaged business firms to provide a greater share of the DLA's requirements for products and services. Factors also considered were the goals established in the DoD FY 1987 Authorization Act and the overall DoD-wide goals resulting from our recently concluded negotiations with the Small Business Administration. Accordingly, I am assigning the DLA the following final FY 1987 goals:

47059

a. Small Business Prime Contracting	41.6%
b. Small Business Set-Asides	19.6%
c. Small Business Subcontracting	46.6%
d. Small Disadvantaged Business, 8(a) & Direct	5.0%
e. Small Disadvantaged Business Subcontracting	5.0%
f. Women-Owned Small Business	\$241.7 Million

Your small disadvantaged business goal is based on the requirements set forth in Public Law 99-661, the DoD FY 1987 Authorization Act, which establishes five percent prime and subcontract goal objectives for small disadvantaged business (SBD) firms. I recognize that attainment of this five percent goal represents a quantum increase over your previous year's performance; however, your earnest effort to achieve this goal is requested. In order to accomplish this objective, the law authorizes the use of new contracting procedures and policy options. These are currently in the regulatory review process. For the time being, current program authorities, specifically the 8(a) program, should be utilized to the maximum extent.

Because we are required to report to the Congress attainment of this goal at the end of the year, it is requested that you establish these goals under a formal procedure such as a management by objectives program, and closely monitor performance and problems associated with this initiative.

The Congress, in its passage of P.L. 99-661, the FY 1987 DoD Appropriation Act, has again charged "...The Secretary of Defense and each purchasing and contracting agency of DoD to assist small and minority owned business to participate equitably in the furnishing of commodities and services financed with funds appropriated under this Act by increasing, to an optimum level, the resources and number of personnel jointly assigned to promoting both small and minority business involvement in purchases financed with funds appropriated herein...." Please ensure your Agency complies with this mandate. In addition, commanders and managers of purchasing activities shall have goal accomplishment included as part of their annual performance appraisals.

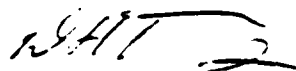
Both Secretary Weinberger and I are most impressed with the contributions made by this nation's small business community to the Department's mobilization readiness base and to our efforts to obtain quality products and services at fair and reasonable prices. This is demonstrated by the fact that

of the \$26.9 billion that DoD awarded to small business last fiscal year, \$23.7 billion or 88.2% was awarded on the basis of competition. This clearly shows that small firms are given the chance to compete. The DoD Small Business Specialists who have primary responsibility for conducting our procurement outreach counseling services are to be commended for a job well done.

I am particularly interested that the Procurement Technical Assistance Cooperative Agreement Outreach Program, which the Congress has again authorized in FY 1987, be implemented successfully by your organization in order to assist not only labor depressed area firms, but also to provide for improved DLA small business performance.

You are further requested to submit a copy of your implementation of these goals to my office.

I solicit your personal involvement and support and that of your staff as well as the commanders of contracting activities in the attainment of the specific goals I have assigned to your Agency. I believe them to be both challenging and attainable.



William H. Taft, IV



THE DEPUTY SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

23 DEC 1986

MEMORANDUM FOR DIRECTOR, DEFENSE COMMUNICATIONS AGENCY

SUBJECT: Final FY 1987 Small Business and Small Disadvantaged Business Goals

The Defense Communication Agency (DCA) during FY 1986 made \$1,041 million in prime contract awards to U.S. business firms, \$53.0 million or 5.1% of which was awarded to small business. This performance exceeded your goal of 4.9%. Your Agency's small business set-aside awards amounted to 3.6 million or 0.3% which also exceeded your goal of 0.2%.

In FY 1986, the DCA awarded \$6.0 million in section 8(a) and prime contracts to small disadvantaged business concerns against a 5% goal of \$52.0 million. While it is accepted that the Congress established a high goal, your awards exceeded your previous year's performance by \$5.1 million.

The DCA awarded \$1.1 million in prime contracts to women-owned small business concerns during FY 1986. This accomplishment significantly exceeded your goal of \$0.1 million and reflects favorably on your Agency's effort to support this program.

This performance reflects well on your Office of Small and Disadvantaged Business Utilization, commanders, contracting personnel, and small and disadvantaged business utilization personnel. Please convey my personal appreciation to them for their efforts that produced this successful year for small business, small disadvantaged business, and women-owned small business firms.

In establishing your final goals for FY 1987, I have considered the goals proposed by your Agency, past small business and small disadvantaged business performance, planned expenditures by claimant program, and the potential for small business and small disadvantaged business firms to provide a greater share of your Agency's requirements for products and services. Factors also considered were the goals established in Public Law 99-661, the DoD FY 1987 Authorization Act and the overall DoD-wide goals resulting from our recently concluded negotiations with the Small Business Administration. Accordingly, I am assigning your Agency the following final FY 1987 goals:

47059

a. Small Business Prime Contracting	3.2%
b. Small Business Set-Asides	0.2%
c. Small Disadvantaged Business, 8(a) & Direct	5.0%
d. Women-Owned Small Business	\$0.3 Million

Your small disadvantaged business goal is based on the requirements set forth in Public Law 99-661, the DoD FY 1987 Authorization Act, which establishes five percent prime and subcontract goal objectives for small disadvantaged business (SDB) firms. I recognize that attainment of this five percent goal represents a quantum increase over your previous year's performance; however, your earnest effort to achieve this goal is requested. In order to accomplish this objective, the law authorizes the use of new contracting procedures and policy options. These are currently in the regulatory review process. For the time being, current program authorities, specifically the 8(a) program, should be utilized to the maximum extent.

Because we are required to report to the Congress attainment of this goal at the end of the year, it is requested that you establish these goals under a formal procedure such as a management by objectives program, and closely monitor performance and problems associated with this initiative.

The Congress, in its passage of P.L. 99-500, the FY 1987 DoD Appropriation Act, has again charged "...The Secretary of Defense and each purchasing and contracting agency of DoD to assist small and minority owned business to participate equitably in the furnishing of commodities and services financed with funds appropriated under this Act by increasing, to an optimum level, the resources and number of personnel jointly assigned to promoting both small and minority business involvement in purchases financed with funds appropriated herein...." Please ensure your Agency complies with this mandate. In addition, commanders and managers of purchasing activities shall have goal accomplishment included as part of their annual performance appraisals.

Both Secretary Weinberger and I are most impressed with the contributions made by this nation's small business community to the Department's mobilization readiness base and to our efforts to obtain satisfactory products and services at fair and reasonable prices. This is demonstrated by the fact that of the \$26.9 billion DoD awarded to small businesses last fiscal year, \$23.7 billion or 88.2% was awarded on the basis of competition. This clearly shows that small firms are successful when given the chance to compete. The DoD small business specialists who have primary responsibility for conducting our procurement outreach counseling services are to be commended for a job well done.

You are further requested to submit a copy of your implementation of these goals to my office.

I solicit your personal involvement and support and that of your staff as well as the commanders of contracting activities in the attainment of the specific goals I have assigned to your Agency. I believe them to be both challenging and attainable.

A handwritten signature in dark ink, appearing to read "WHT" followed by a stylized flourish or underline.

William H. Taft, IV



THE DEPUTY SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

23 DEC 1986

MEMORANDUM FOR DIRECTOR, DEFENSE MAPPING AGENCY

SUBJECT: Final FY 1987 Small Business and Small Disadvantaged Business Goals

The Defense Mapping Agency (DMA) during FY 1986 made \$67.6 million in prime contract awards to U.S. business firms, \$34.0 million or 50.3% which exceeded your small business goal of 36.1%. Your Agency's small business set-aside awards amounted to \$14.1 million or 20.9% which also exceeded your assigned goal of 9.1%.

In FY 1986, the DMA awarded \$3.3 million in section 8(a) and prime contract awards to small disadvantaged business concerns which was only slightly under your 5% goal of \$3.4 million.

The DMA awarded \$4.4 million in prime contracts to women-owned small business concerns during FY 1986. This accomplishment significantly exceeded your goal of \$1.5 million by \$2.9 million and reflects favorably on your Agency's efforts to support this program.

This outstanding performance reflects highly on your Office of Small and Disadvantaged Business Utilization, commanders, contracting personnel, and small and disadvantaged business utilization personnel. Please convey my personal appreciation to them for their efforts that produced this successful year for small business and small disadvantaged business.

In establishing your final goals for FY 1987, I have considered the goals proposed by your Agency, your past small business and small disadvantaged business performance, planned expenditures by claimant program, and the potential for small business and small disadvantaged business firms to provide a greater share of your Agency's requirements for products and services. Factors also considered were the goals established in Public Law 99-661, the DoD FY 1987 Authorization Act, and the overall DoD-wide goals resulting from our recently concluded negotiations with the Small Business Administration. Accordingly, I am assigning your Agency the following final FY 1987 goals:

47059

a. Small Business Prime Contracting	40.0%
b. Small Business Set-Asides	15.5%
c. Small Disadvantaged Business, 8(a) & Direct	5.0%
d. Women-Owned Small Business	\$1.5 Million

Your small disadvantaged business goal is based on the requirements set forth in Public Law 99-661, the DoD FY 1987 Authorization Act, which establishes five percent prime and subcontract goal objectives for small disadvantaged business (SDB) firms. I recognize that attainment of this five percent goal represents an increase over your previous year's performance; however, your earnest effort to achieve this goal is requested. In order to accomplish this objective, the law authorizes the use of new contracting procedures and policy options. These are currently in the regulatory review process. For the time being, current program authorities, specifically the 8(a) program, should be utilized to the maximum extent.

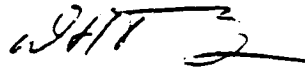
Because we are required to report to the Congress attainment of this goal at the end of the year, it is requested that you establish these goals under a formal procedure such as a management by objectives program, and closely monitor performance and problems associated with this initiative.

The Congress, in its passage of P.L. 99-500, the FY 1987 DoD Appropriation Act, has again charged "...The Secretary of Defense and each purchasing and contracting agency of DoD to assist small and minority owned business to participate equitably in the furnishing of commodities and services financed with funds appropriated under this Act by increasing, to an optimum level, the resources and number of personnel jointly assigned to promoting both small and minority business involvement in purchases financed with funds appropriated herein...." Please ensure your Agency complies with this mandate. In addition, commanders and managers of purchasing activities shall have goal accomplishment included as part of their annual performance appraisals.

Both Secretary Weinberger and I are most impressed with the contributions made by this nation's small business community to the Department's mobilization readiness base and to our efforts to obtain satisfactory products and services at fair and reasonable prices. This is demonstrated by the fact that of the \$26.9 billion DoD awarded to small businesses last fiscal year, \$23.7 billion or 88.2% was awarded on the basis of competition. This clearly shows that small firms are successful when given the chance to compete. The DoD small business specialists who have primary responsibility for conducting our procurement outreach counseling services are to be commended for a job well done.

You are further requested to submit a copy of your implementation of these goals to my office.

I solicit your personal involvement and support and that of your staff as well as the commanders of contracting activities in the attainment of the specific goals I have assigned to your Agency. I believe them to be both challenging and attainable.

A handwritten signature in dark ink, appearing to read 'WHT IV' with a stylized flourish at the end.

William H. Taft, IV



THE DEPUTY SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

23 DEC 1986

MEMORANDUM FOR DIRECTOR, DEFENSE NUCLEAR AGENCY

SUBJECT: Final FY 1987 Small Business and Small Disadvantaged Business Goals

The Defense Nuclear Agency (DNA) during FY 1986 made \$256.4 million in prime contract awards to U.S. business firms, \$92.5 million or 36.1% of which was awarded to small business. This performance was below your assigned goal of 40.0%. Your Agency's small business set-aside awards amounted to \$13.8 million or 5.4% significantly exceeding your goal of 2.5%.

In FY 1986, the DNA awarded \$1.2 million in section 8(a) and prime contract awards to small disadvantaged business concerns against a 5% goal of \$12.8 million. While it is accepted that the Congress established a high goal, nevertheless, it is noted that your awards fell from \$1.4 million awarded last year.

The DNA awarded \$4.0 million in prime contracts to women-owned small business concerns during FY 1986. This performance exceeded your goal of \$1.0 million and reflects favorably on your Agency's effort to support this program.

In establishing your final goals for FY 1987, I have considered the goals proposed by your Agency, past small business and small disadvantaged business performance, planned expenditures by claimant program, and the potential for small business and small disadvantaged business firms to provide a greater share of your Agency's requirements for products and services. Factors also considered were the goals established in Public Law 99-661, the DoD FY 1987 Authorization Act and the overall DoD-wide goals resulting from our recently concluded negotiations with the Small Business Administration. Accordingly, I am assigning your Agency the following final FY 1987 goals:

a. Small Business Prime Contracting	33.0%
b. Small Business Set-Asides	3.1%
c. Small Disadvantaged Business, 8(a) & Direct	5.0%
d. Women-Owned Small Business	\$1.1 Million

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Your small disadvantaged business goal is based on the requirements set forth in Public Law 99-661, the DoD FY 1987 Authorization Act, which establishes five percent prime and subcontract goal objectives for small disadvantaged business (SDB) firms. I recognize that attainment of this five percent goal represents a quantum increase over your previous year's performance; however, your earnest effort to achieve this goal is requested. In order to accomplish this objective, the law authorizes the use of new contracting procedures and policy options. These are currently in the regulatory review process. For the time being, current program authorities, specifically the 8(a) program, should be utilized to the maximum extent.

Because we are required to report to the Congress attainment of this goal at the end of the year, it is requested that you establish these goals under a formal procedure such as a management by objectives program, and closely monitor performance and problems associated with this initiative.

The Congress, in its passage of P.L. 99-500, the FY 1987 DoD Appropriation Act, has again charged "...The Secretary of Defense and each purchasing and contracting agency of DoD to assist small and minority owned business to participate equitably in the furnishing of commodities and services financed with funds appropriated under this Act by increasing, to an optimum level, the resources and number of personnel jointly assigned to promoting both small and minority business involvement in purchases financed with funds appropriated herein...." Please ensure your Agency complies with this mandate. In addition, commanders and managers of purchasing activities shall have goal accomplishment included as part of their annual performance appraisals.

Both Secretary Weinberger and I are most impressed with the contributions made by this nation's small business community to the Department's mobilization readiness base and to our efforts to obtain satisfactory products and services at fair and reasonable prices. This is demonstrated by the fact that of the \$26.9 billion DoD awarded to small businesses last fiscal year, \$23.7 billion or 88.2% was awarded on the basis of competition. This clearly shows that small firms are successful when given the chance to compete. The DoD small business specialists who have primary responsibility for conducting our procurement outreach counseling services are to be commended for a job well done.

You are further requested to submit a copy of your implementation of these goals to my office.

I solicit your personal involvement and support and that of your staff as well as the commanders of contracting activities in the attainment of the specific goals I have assigned to your Agency. I believe them to be both challenging and attainable.

A handwritten signature in dark ink, appearing to read "WHT" followed by a stylized flourish or underline.

William H. Taft, IV



THE DEPUTY SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

23 DEC 1986

MEMORANDUM FOR DIRECTOR, NATIONAL SECURITY AGENCY

SUBJECT: Final FY 1987 Small Business and Small Disadvantaged Business Goals

The National Security Agency (NSA) during FY 1986 made \$1770.7 million in prime contract awards to U.S. business firms, \$264.1 million or 14.9% of which was awarded to small business thereby exceeding your goal of 11.0%. Your Agency's small business set-aside awards amounted to \$52.9 million or 3.0%, which also exceeded your assigned goal of 2.0%.

In FY 1986, the NSA awarded \$3.7 million in section 8(a) and prime contract awards to small disadvantaged business concerns against a 5% goal of \$8.9 million. While this performance fell short of the high goal mandated by the Congress, your awards exceeded your previous year's performance by \$2.5 million.

The NSA awarded \$21.8 million in prime contracts to women-owned small business concerns during FY 1986. This accomplishment far exceeded your goal of \$1.4 million and reflects most favorably on your Agency's efforts to support this program.

This outstanding performance reflects highly on your Office of Small and Disadvantaged Business Utilization, commanders, contracting personnel, and small and disadvantaged business utilization personnel. Please convey my personal appreciation to them for their efforts that produced this successful year for small business and small disadvantaged business.

In establishing your final goals for FY 1987, I have considered the goals proposed by your Agency, past small business and small disadvantaged business performance, planned expenditures by claimant program, and the potential for small business and small disadvantaged business firms to provide a greater share of your Agency's requirements for products and services. Factors also considered were goals established in Public Law 99-661, the DoD FY 1987 Authorization Act, and the overall DoD-wide goals resulting from our recently concluded negotiations with the Small Business Administration. Accordingly, I am assigning your Agency the following final FY 1987 goals:

47059

a. Small Business Prime Contracting	11.0%
b. Small Business Set-Asides	2.0%
c. Small Disadvantaged Business, 8(a) & Direct	5.0%
d. Women-Owned Small Business	\$1.5 Million

Your small disadvantaged business goal is based on the requirements set forth in Public Law 99-661, the DoD FY 1987 Authorization Act, which establishes five percent prime and subcontract goal objectives for small disadvantaged business (SDB) firms. I recognize that attainment of this five percent goal represents a quantum increase over your previous year's performance; however, your earnest effort to achieve this goal is requested. In order to accomplish this objective, the law authorizes the use of new contracting procedures and policy options. These are currently in the regulatory review process. For the time being, current program authorities, specifically the 8(a) program, should be utilized to the maximum extent.


Because we are required to report to the Congress attainment of this goal at the end of the year, it is requested that you establish these goals under a formal procedure such as a management by objectives program, and closely monitor performance and problems associated with this initiative.

The Congress, in its passage of P.L. 99-500, the FY 1987 DoD Appropriation Act, has again charged "...The Secretary of Defense and each purchasing and contracting agency of DoD to assist small and minority owned business to participate equitably in the furnishing of commodities and services financed with funds appropriated under this Act by increasing, to an optimum level, the resources and number of personnel jointly assigned to promoting both small and minority business involvement in purchases financed with funds appropriated herein...." Please ensure your Agency complies with this mandate. In addition, commanders and managers of purchasing activities shall have goal accomplishment included as part of their annual performance appraisals.

Both Secretary Weinberger and I are most impressed with the contributions made by this nation's small business community to the Department's mobilization readiness base and to our efforts to obtain satisfactory products and services at fair and reasonable prices. This is demonstrated by the fact that of the \$26.9 billion DoD awarded to small businesses last fiscal year, \$23.7 billion or 88.2% was awarded on the basis of competition. This clearly shows that small firms are successful when given the chance to compete. The DoD small business specialists who have primary responsibility for conducting our procurement outreach counseling services are to be commended for a job well done.

You are further requested to submit a copy of your implementation of these goals to my office.

I solicit your personal involvement and support and that of your staff as well as the commanders of contracting activities in the attainment of the specific goals I have assigned to your Agency. I believe them to be both challenging and attainable.

A handwritten signature in dark ink, appearing to read "WHT" followed by a stylized flourish.

William H. Taft, IV



ACQUISITION
OSADBU

THE UNDER SECRETARY OF DEFENSE

WASHINGTON, DC 20301

15 DEC 1986

MEMORANDUM FOR DEPUTY SECRETARY OF DEFENSE

SUBJECT: Assignment of Final FY 1987 Small Business and Small Disadvantaged Business Goals - ACTION MEMORANDUM

Public Law 95-507 states in part "...The head of each Federal agency shall, after consultation with the Small Business Administration (SBA), establish goals for the participation by small business concerns, and by small business concerns owned and controlled by socially and economically disadvantaged individuals in procurement contracts having values over \$10,000 or more."

The Military Departments and the Defense Logistics Agency (DLA) were provided with interim FY 1987 goals for advance planning purposes, and were requested to provide their recommendations on the final FY 1987 goals by August 29, 1986. ~~Department of Defense (DoD) proposed goals were submitted to~~ the SBA on September 19, 1986. Negotiations on these goals were successfully concluded by our two agencies on November 21, 1986.

The goal memoranda to the Secretaries of the Military Departments, Director, DLA, and the Directors of ODAs give recognition for improved performance where indicated and the need for corrective action in those cases where FY 1986 goals were not met, as well as assign FY 1987 goals. This includes assignment of the five percent small disadvantaged business goal mandated by Public Law 99-661, the DoD FY 1987 Authorization Act. These memoranda inform the Departmental Secretaries and Agency Directors that implementation of the specific provisions of the statute will be forthcoming following the appropriate regulatory review process.

The following shows the overall DoD FY 1986 accomplishments and the FY 1987 final goals:

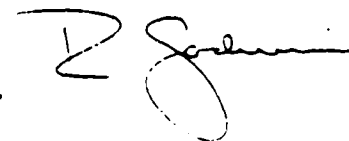
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	FY 1986 Accomplishment	FY 1986 Goal	FY 1987 Goal
Small Business Prime Contracting	19.6%	18.5%	18.8%
Small Business Set-Asides	10.3%	9.6%	10.0%
Small Business Subcontracting	38.4%	36.5%	39.0%
Small Disadvantaged Business 8(a) and Direct	2.3%	5.0%	5.0%
Small Disadvantaged Business Subcontracting	\$ 962.4 Mil	\$1,000.0 Mil	5.0%
Women-Owned Small Business	\$ 1,100 Mil	\$ 925 Mil	\$1,000 Mil

We have prepared individual goal memoranda to be signed by you to the Secretaries of the Military Departments, the Director of DLA and to each of the Directors of the ODAs to convey the importance of their personal support and involvement in the DoD Small Business and Small Disadvantaged Business Programs and of your personal support of these programs.

RECOMMENDATION:

That you sign the memoranda at TAB A.



Attachments

Prepared by S. TESKO:mjh:mp:12-2-86:OSADBU:2A340:X74912



OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301-3061

5 DEC 1986

OFFICE OF SMALL AND
DISADVANTAGED BUSINESS
UTILIZATION

TO: UNDER SECRETARY OF DEFENSE (ACQUISITION)
FROM: DIRECTOR, SADBU *[Signature]*
SUBJECT: Final FY 1987 Small and Disadvantaged
Business Goals

PURPOSE: To assign subject goals to the Secretaries
of the Military Departments and Directors of Defense Agencies.

DISCUSSION: The Small Business Act requires the head of each Federal Agency, after consultation with the Small Business Administration, to establish goals for the participation by small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals in procurement contracts. The enclosed letters not only assign the goals but also express the personal support of the program by the Secretary and Deputy Secretary of Defense and request the personal involvement and support of the Military Secretaries and Defense Agency Directors in support of the entire program. These letters have been signed individually every year by either the Secretary or the Deputy Secretary of Defense.

RECOMMENDATION: That you sign the memorandum to the Deputy
Secretary of Defense at Tab A.

COORDINATION: ASD (A&L)

CONTROL NO: None

Attachments

Prepared by Mr. Stanley Tesko/X74912/December 2, 1986

EXHIBIT B

Plan for Implementing the
Department of Defense 5% Goal for
Awards to Small Disadvantaged Businesses
Historically Black Colleges and Universities,
and other Minority Institutions

Objective

To implement Section 1207 of the FY 1987 National Defense Authorization Act (P.L. 99-661), which established as an objective for the the Department of Defense (DoD) a goal of 5% for awards to small disadvantaged business (SDB), historically Black colleges and universities (HBCU) and other minority institutions. The primary objective is to increase participation by eligible SDBs, HBCUs and other minority institutions in defense procurement and research, from the present level of 2.2% up to 5% of total funds.

Program Description

Participation in the program will be limited to small disadvantaged businesses as defined in Section 8(d) of the Small Business Act, as amended. The strategies/plan for exercising the authority granted to the Secretary of Defense by P.L. 99-661 will involve three primary areas: direct competitive contracts, contracts awarded under Section 8(a) of the Small Business Act, and subcontracting by major DoD prime contractors. DoD's expanded authority may involve other Federal agencies.

- Federal agencies that may be impacted by the DoD program include the Small Business Administration (SBA) and the Department of Commerce's, Minority Business Development Agency.
- Procurement procedures will be implemented through the normal regulatory process in the DoD Federal Acquisition Regulation Supplement (DFARS), after public announcement in Federal Register.
- DoD will establish a program to provide technical assistance services to eligible participants. Contracts will be placed with minority private sector entities for some of the technical assistance services. The program will include several outreach conferences held in various cities throughout the U.S with high a concentration of firms meeting the definitions prescribed and to whom Section 1207 was targeted.

- Preference will be given to eligible participants in competitive procurements in terms of restricting competition to targeted firms, and paying a premium within the limits of the Act. Premiums will be paid only in those instances where it is necessary, and in the amounts authorized, to effect an award.
- The 8(a) program will also be emphasized to maximize efforts under the business development program of the SBA.
- Procurements selected for restricted competition among eligible participants will be selected based on evidence that such firms have demonstrated a history of bidding competitively on the same or similar requirements in the past. Firms need not have been successful in receiving contract awards in order for such decisions to be made.

Status of Implementation

The Act was signed into law by the President on November 14, 1986. The Office of the Under Secretary of Defense (Acquisition) is developing a policy implementing the authority granted to the Department by Section 1207 of the Act. In addition, the following actions are planned:

- The goal and status of the implementation will be announced in the Commerce Business Daily. The announcement will also explain how firms can participate in procurements resulting from the expanded contracting authority.
- The proposed policy, which will cover all DoD procurement programs, is being reviewed by General Counsel.
- Once signed by the Secretary, the policy will then be forwarded to the DFARS Counsel for implementation, to include an announcement in the Federal Register soliciting public comment.
- Implementation of some aspects will take place immediately while others are expected to be fully implemented in May or June of this year.

Agency Participation Required/Anticipated

Department of Defense

1. Develop a DoD policy to exercise the new authority and revise procurement procedures to maximize participation of eligible firms and institutions in all DoD procurement programs.
2. Review the existing and potential capabilities and capacities of SDBs, HBCUs, and other minority institutions to perform defense requirements.
3. Match the capabilities of SDBs, HBCUs, and other minority institutions with DoD contracting activities and provide new or expanded bidding opportunities to such entities.
4. Identify barriers and impediments to higher levels of participation of eligible entities, and remove such obstacles, where appropriate.
5. Provide technical assistance services and advice to eligible entities. This will include such areas as training in how to prepare a bid, negotiate contracts, establish quality programs, etc.
6. Provide reports to the Congress as required by the Act.

Small Business Administration

1. Process expeditiously appeals or challenges made by firms relative to the eligibility of other firms defined by Section 8(d) of the Small Business Act.
2. Process, within existing time constraints, the referral of a large number of Certification of Competency cases due to a large number of new SDBs bidding or submitting offers on DoD procurements
3. Process in a timely manner large numbers of requirements offered for contracting under the 8(a) program.

Department of Commerce

1. Resources of the Minority Business Development Agency (MBDA) should be available to provide financial, management and technical assistance to eligible entities that are not eligible for the 8(a) program, as deemed appropriate.
2. The MBDA Business Service Centers should assist by identifying and developing markets for the products and services provided by the SDBs.

Local Government Service Organizations

1. Identify for DoD, interested and potential SDB manufacturing firms to participate in the outreach and technical assistance conferences.
2. Conduct preliminary assessment of the capabilities of SDB firms and identify additional resources needed to participate in DoD contracting programs.
3. Solicit appropriate resources from other governmental sources and the private sector; e.g., legal, accounting and, financing management services.
4. Identify commercial marketing opportunities for the target firms, to provide a larger business base which will facilitate the competitiveness of such firms.

Plan for Action

1. Prepare a policy statement for the Secretary of Defense to send to the Military Services, Defense Agencies and the Strategic Defense Initiative Organization.
2. Prepare instructions for DFARs Counsel to implement policy.
3. Publicize the DoD goal in the Commerce Business Daily.
4. Review barriers/impediments to increased SDB and HBCU participation in defense contracts.
5. Develop a DoD technical assistance services (TAS) program.
6. Develop statements of work for TAS contracts to be awarded to minority entities.
7. Appoint regional DoD TAS Coordinators.
6. Conduct regional TAS conferences.
9. Develop reporting requirement to compile data for the required reports to the Congress.
10. Prepare reports to Congress.
11. Staff visits for oversight.

EXHIBIT C



THE SECRETARY OF DEFENSE
WASHINGTON, THE DISTRICT OF COLUMBIA

18 MAR 1987

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: FY 1987 National Defense Authorization
Act, Small Disadvantaged Business

The Congress, in Section 1207 of the National Defense Authorization Act, 1987, Public Law 99-661, assigned to the Department of Defense (DoD) a goal of five percent for contract awards to small disadvantaged businesses during fiscal years 1987, 1988, and 1989.

The goal is an extension of the five percent goal encouraged in the House and Conference reports accompanying the FY 1986 Appropriation Act. Section 1207 also provides certain authority that may be exercised, if necessary, to attain the goal.

In spite of all the initiatives we implemented during FY 1986, we did not come close to attaining the five percent goal. I remain firmly convinced that the Department can and should do more to increase the participation of small disadvantaged businesses in Defense procurement and research.

The policies and procedures for the program I have outlined in the enclosure shall be given high priority and will be published promptly in the DoD Federal Acquisition Regulation Supplement. Mrs. Norma Leftwich, the DoD Director for Small and Disadvantaged Business Utilization, is responsible for implementing this program and will be reviewing our progress and providing the necessary reports to the Congress.

I am personally committed to this effort, and I know I can count on your support.

William H. Leftwich
Deputy Secretary of Defense

Attachment

04678

1. Policy

A. It is the policy of the Department of Defense (DoD), to the extent practicable, to maximize the number of small disadvantaged business (SDB) concerns, as defined in section 8(d) of the Small Business Act, as amended, participating in the Defense prime contracts and subcontracts.

B. The DoD, to the greatest extent possible, will award contracts to the Small Business Administration (SBA) under the authority of section 8(a) of the Small Business Act (8(a) program). It has always been the Department's policy to support the 8(a) program, and to provide contract requirements to support the business plans of firms in the SBA's 8(a) program. However, DoD participation in this program has not met its full potential. The 8(a) program must be supported more vigorously.

C. It is also the Department's policy to provide to SDBs technical assistance, as prescribed in the 1987 National Defense Authorization Act, P.L. 99-661.

2. Responsibilities

A. The DoD Director for Small and Disadvantaged Business Utilization shall:

(1) Implement the policies and procedures herein and review the progress towards the 5 percent goal established by P.L. 99-661.

(2) Develop a technical assistance program to provide the necessary assistance, within the scope of section 1207(c), to firms participating in DoD procurement programs.

(3) Compile the data necessary to provide required reports to the Congress.

B. Heads of Contracting Activities shall:

Effectively implement stated policies and procedures to achieve the 5 percent goal, an objective prescribed by the Congress in section 1207 of Public Law 99-661, and develop initiatives and take the necessary actions to increase contract awards to SDBs to the level necessary to attain the goal.

C. Procuring Contracting Officers (PCO) shall:

(1) Work closely with DoD small business specialists, competition advocates and the SBA in making every effort to identify SDB sources before issuing solicitations.

(2) Ensure that the SDB goals in subcontracting plans represent truly challenging goals and make every attempt to increase SDB awards at the subcontracting level. The PCO shall, where appropriate, aggressively apply the guidance, provided in FAR subpart 15.905-1(c), to give prime contractors the incentive to increase the number of firms with which they place subcontracts.

(3) Identify to the SBA requirements early in the acquisition process that can be committed to the 8(a) program. Copies of available forecasts of requirements based on previous purchases, if available, will be provided to the SBA on a routine basis.

D. Program Managers shall:

Select requirements early in the acquisition planning stage that can be offered by the PCO or small business specialist to the SBA for the 8(a) program.

E. Associate Directors and Small Business Specialists shall:

(1) Aggressively pursue their roles as advocates for SDBs and develop outreach programs to identify capable SDBs. This program will also require the use of the skills and experience of other DoD technical and acquisition personnel.

(2) Work closely with the PCOs and, where appropriate, request assistance from the competition advocates in carrying out this program.

(3) Represent the DoD on all matters regarding section 1207 of P.L. 99-661.

3. Procedures

A. In implementing the authority to award contracts using other than full and open competition, the following approaches shall be considered.

(1) Procurements of equipment, supplies, services, research, development, test and evaluation (RDT&E), and construction for which the procurement history shows that within the past 12 month period, a responsive bid/offer of at least one eligible and responsible SDB was within 10 percent of the lowest evaluated price on a previous procurement and an award can be made at a fair market price (FMP) shall be solicited using other than full and open competition for exclusive participation by SDBs, subject to (2) and (4), below.

(2) This action shall be taken if at least one other eligible and responsible SDB either appears on the activity's solicitation mailing list and is expected to bid, or responds in writing to the notice in the Commerce Business Daily (CBD) synthesizing the procurement. The CBD notice will indicate that if the reasonable expectation of two SDBs bidding as described above is met, the solicitation will be issued restricting competition to only eligible SDBs.

(3) For any acquisition where the contracting officer has sufficient factual information (e.g., the results of capability surveys by DoD technical teams) to expect reasonably at least two responsible and eligible SDBs to bid, and for which an award can be made at an FMP, the acquisition will be considered for solicitation using other than full and open competition. The detailed reasons for not restricting competition will be adequately documented.

(4) In using other than full and open competition for RDT&E awards, there must also be a reasonable expectation of obtaining from SDBs the best scientific and technological sources consistent with the demands of the proposed acquisition for the best mix of cost, performance, and schedules.

B. Contracting under Section 8(a) of the Small Business Act.

(1) Requirements committed to the 8(a) program will remain in the 8(a) program to become an integral part of efforts to increase competition and expand the industrial base. The requirements offered for manufacturing will represent an economic production quantity. Unless compelling reasons dictate otherwise, the quantities committed to the 8(a) program, to the extent permitted by its capacity, will be at least equal to the quantity being purchased simultaneously under competitive procedures.

(2) The determination as to whether to support a firm's business plan or award a contract should be based on a careful examination of each of the factors included in Federal Acquisition Regulation (FAR) subpart 19.804(a), and must be adequately documented. Such decisions must be expedited and a written response to any SBA request for commitment shall be provided to the SBA within a 30-day period.

C. Evaluating bids/offers, establishing FMPs, and providing advance payments.

(1) An award utilizing the procedures set out at paragraph 3. A. above will be made to the eligible low, responsive, responsible SDB bidder/offeror, if the firm's

bid/offer does not exceed the FMP for the product or service by more than 10 percent. If the reasonable exception criteria in subparagraph 3. A. (2), (3) and (4) are not met, the solicitation will be issued under normal full and open competitive procedures.

(2) The FMP for contracts awarded under 3. A and B above shall be established consistent with the guidelines in the FAR. Contracting officers shall examine the FMP very carefully to ensure that it is based on reasonable costs and not solely on lowest possible cost. (See FAR 19.805 and 19.806).

(3) The FMP determination shall be documented in the contract file.

(4) Advance payments under 10 U.S.C. 2307, as referenced by section 1207, will be reviewed on a case-by-case basis.

4. Technical Assistance

The Congress has authorized the DoD to provide technical assistance services to SDBs. This is an essential and important aspect of our overall program. These services will be provided by in-house technical experts and through contracts placed with private sector minority entities.

5. Subcontracting

In addition to the regular subcontracting program established by the Small Business Act, as amended, each of the Military Services and the Defense Agencies shall develop an aggressive subcontracting program, including the funding of at least one pilot project with a major DoD prime contractor, which will ensure SDB involvement in a major weapon system or major defense project during the engineering development phase of the acquisition cycle.

6. Reporting

Section 1207 of Public Law 99-661 requires semi-annual reporting to the Congress of our progress to attain the 5 percent goal.

7. Effective Dates

The contracting policies and procedures prescribed herein shall be given high priority and will be published promptly in the DoD FAR supplement. The provision in section 1207(c) involving technical assistance shall be implemented immediately.

EXHIBIT D

DEPARTMENT OF DEFENSE TECHNICAL ASSISTANCE PROGRAM

DEPARTMENT OF DEFENSE, OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION CENTRAL PROGRAM MANAGEMENT

PROGRAM
MANAGER

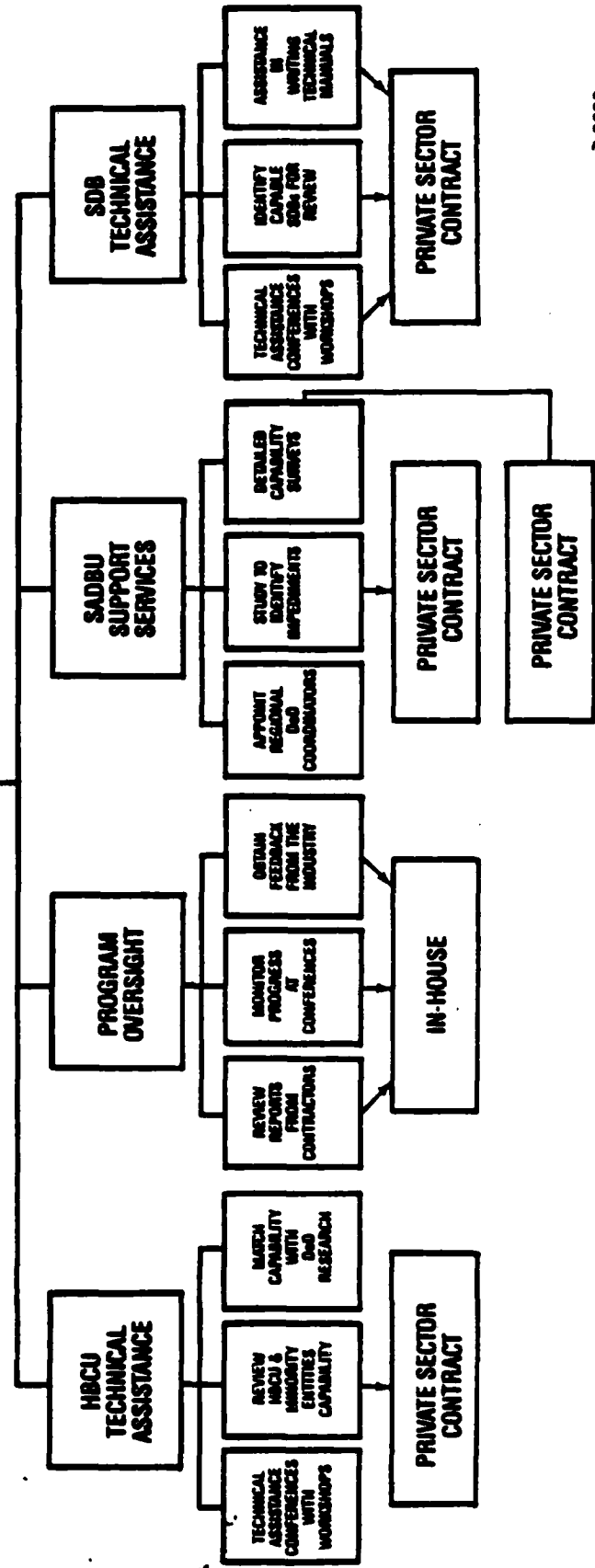


EXHIBIT E

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EXHIBIT F

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EXHIBIT G



31 JUL 1986

SDC
C-111

MEMORANDUM FOR SECRETARIES OF MILITARY DEPARTMENTS
DIRECTORS OF DEFENSE AGENCIES

SUBJECT: Historically Black Colleges and Universities

On September 15, 1981, President Reagan issued Executive Order 12320 which required all Federal Agencies to develop a plan to achieve a significant increase in the ability of Historically Black Colleges and Universities (HBCU) to participate in Federally sponsored programs. Recently, the Congress expressed concern that the Department of Defense (DoD) should make a more concerted effort to utilize HBCUs in the early stages of research and development of our military systems.

It is Department policy to support fully the efforts of the President and the Congress to increase the participation of HBCUs in DoD-funded programs.

Although our HBCU program has enjoyed some success, I believe we have not reached our potential in supporting the minority educational institutions. In order that we may achieve fully the objectives set forth in the President's Executive Order and the interest of the Congress regarding HBCUs, policy implementation and oversight for the HBCU program was recently transferred to the Office of the Secretary of Defense (OSD), Office of Small and Disadvantaged Business Utilization. The Director of this office, Ms. Norma B. Leftwich, now has full responsibility for managing the HBCU program and developing new DoD initiatives consistent with the views of the President and the Congress.

Please designate an individual at the senior policy level to be responsible for oversight, coordination, and management of the efforts to increase the participation of HBCUs in your respective programs. Provide the name of the individual to Ms. Leftwich within 15 days, along with a description of the efforts and initiatives taken by your Department to date to comply with Executive Order 12320. Ms. Leftwich will then provide further guidance regarding the Department's plan.

38167

EXHIBIT H

REPORT DATE
April 27, 1987

TITLE	HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU) PROGRAM	PROGRAM

MONTH		JUL 86	SEP 86	OCT 86	NOV 86	DEC 86	JAN 87	FEB 87
DAY	29	11	31	1	15	15	15	10

[illegible]

REMARKS

- * Action Completed
 0 Update or Status Due
 0 Objective Revised
 X Target Completion

REPORT DATE
April 27, 1987

TITLE	HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU) PROGRAM

[illegible]

REMARKS

- * Action Completed
 ● Update or Status Due
 0 Objective Revised
 X Target Completion

PROJECT PROGRESS CHART

ACTION ITEM	ASSIGNED/ INITIATED	SUSPENSE	TARGET	
			COMPLETION	STATUS
I. Develop DoD Policy	OSD/SADHU		29 Jul 86	Policy Statement signed by SecDef and Dis-seminated 31 Jul 86.
A. Prepare SecDef Policy Statement.				
B. Disseminate Policy to Military Services and Defense Agencies			11 Sep 86	Given to Rep at Sep meeting.
II. Develop Program Implementation and Oversight	OSD/SADHU			
A. Establish contacts at DoD Components.	OSD/SADHU			First meeting Sep 86 (HBCU Committee).
B. Define Responsibilities for Research Offices and DLA/DTIC.	OSD/SADHU		31 Oct 86	1. Forwarded plan of action to DLA/DTIC Oct 86. 2. DTIC will provide printout from databanks to HBCU Committee Members Feb 87.
C. Develop Goals and Objectives.	OSD/SADHU		15 Feb 87	Forwarded to HBCU Committee members for action.
D. Develop Strategies and Initiatives to Meet Goals.	HBCU Committee			
1. Expand to all Military Services, programs for laboratories to award summer fellowships to HBCUs faculty members.	OSD/SADHU	30 Jun 87	30 Sep 87	All military services to show increase in FY 87.

PROJECT PROGRESS CHART

ACTION ITEM	ASSIGNED/ INITIATED	SUSPENSE	TARGET		STATUS
			COMPLETION		
2. Promote the use of Inter-agency Personnel Agreements (IPA) within the Military Services; target each service to place at least one military DoD scientist or engineer in residence for one or more academic years.	Army Navy AF	25 Sep 87	Continuous		Each Military Service will have at least one IPA beginning in FY 87.
2A. Promote the use of Inter-agency Personnel Agreements (IPA) within the Defense agencies.	DLA DNA DCA DMA	15 Sep 87	Continuous		Each Defense Agency will provide evidence of effort to OSD/SADBU.
3. Expand to all military services programs to award fellowships and internships to place HBCU students in DoD labs.	Army Navy AF DMA	1 Sep 87	Continuous		Show increase each year beginning in FY 87.
4. Study the feasibility of providing surplus DoD equipment and grants for the purchase of new equipment to enhance research capability at HBCUs.	DLA NSA AF DMA	20 Jun 87	30 Sep 87		DLA and DMA study surplus equip. transfer. AF and NSA study grants for new equip.
5. Review the possibility of emphasizing and providing incentives to corporations for HBCU participation in their Independent Research & Development programs.	RIM Army Navy AF	4 May 87	FY 88		Procedures to be developed by the DoD IR&D group, chaired by RIM.
6. Increase by 50% in 1988, the number of HBCUs participating in the University Research Initiative program.	RIM Army Navy AF	1 Nov 87	FY 88		4 HBCUs received awards in FY 86.

PROJECT PROGRESS CHART

ACTION ITEM	ASSIGNED/ INITIATED	SUSPENSE	TARGET	
			COMPLETION	STATUS
7. Study the feasibility of developing a program to permit DoD agencies to allocate a percentage of their R&D budget for awards to HBCUs.	RIM Army Navy AF DMA	1 Jul 87	30 Jul 87	To be applied to FY 88 program.
8. Review, with the objective of expanding programs for grant money to develop curricula in high tech areas, academic training funds to support academic programs in mathematics, science, and engineering, and scholarships for tuition, books and supplies.	Army Navy AF SDIO	15 May 87	Continuous	Young Investigator's Program could be model.
9. Expand ROTC programs with specific emphasis on expanding the training of engineers and scientists.	Army Navy AF	30 Sep 87	FY 88	Army currently funding test programs.
10. Provide for special DTIC services tailored to the needs of HBCU researchers.	DLA/ DTIC		Continuous	DTIC providing to HBCUs.
11. Study the possibility of developing an information program within HBCUs to increase the capability of small disadvantaged business concerns to participate in DoD research programs.	HBCU Committee	20 Sep 87	FY 88	Could be partly answered in planned studies.
12. Develop and implement recruitment programs at HBCUs for graduating students in required disciplines.	All	15 Jun 87	Continuous	Should be reported in all future reports to OSD/ SADBU.

PROJECT PROGRESS CHART

ACTION ITEM	ASSIGNED/ INITIATED	SUSPENSE	TARGET		STATUS
			COMPLETION		
III. Establish Outreach and Assistance Program	HBCU Committee				
A. Run a study to assess the R&D capabilities of all HBCUs to categorize them into three categories: (1) those with existing but under utilized research capability; (2) potential research capability; and (3) no research capability. Develop recommendations on how to maximize R&D capability within HBCUs.	HBCU Committee	4 May 87	1 Jun 87		Work statement completed. Package is currently in review.
B. Identify type of assistance and guidance that can be provided to HBCUs.	HBCU Committee	4 May 87	1 Jun 87		Work statement completed. Package being reviewed.
C. Conduct regional symposiums on research and the Strategic Defense Initiative program, according to geographic concentration of HBCUs.	HBCU Committee	4 May 87	1 Jun 87		
IV. Develop data base for quarterly internal reports and annual reports to the President.	HBCU Committee	8 Jul 87	Continuous		OSD/SADBU mailed report form and instructions to HBCU Committee. Members provide 1st & 2nd quarterly rpt to be received by OSD/SADBU NLT 15 Apr 87. Data will be maintained in selected data bank by OSD/SADBU.

EXHIBIT I

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EXHIBIT J

SMALL DISADVANTAGED BUSINESS AWARDS **OCT-FEB FY 86-FY 87 COMPARISON**

		<u>TOTAL AWARDS</u>	<u>8(a)</u>	<u>DIRECT</u>	<u>TOTAL</u>	<u>%</u>	<u>GOAL</u>
ARMY	FY 1986	\$10,553	\$237.3	\$102.2	\$ 339.5	3.2	
	FY 1987	12,338	289.2	117.0	406.2	3.3	5%
NAVY	FY 1986	\$14,247	\$154.0	\$ 45.9	\$ 199.5	1.4	
	FY 1987	15,960	137.6	\$ 70.2	208.1	1.3	5%
AIR FORCE	FY 1986	\$20,456	\$179.2	\$ 56.8	\$ 236.0	1.2	
	FY 1987	16,848	211.1	67.7	278.8	1.7	5%
DLA	FY 1986	\$ 6,469	\$ 21.7	\$137.3	\$ 159.0	2.5	
	FY 1987	2,493	24.8	88.6	113.4	4.6	5%
DoD	FY 1986	\$52,362	\$594.0	\$343.7	\$ 937.7	1.8	
	FY 1987	48,791	677.5	\$347.6	\$1,025.1	2.1	5%

EXHIBIT K

SMALL DISADVANTAGED BUSINESS SUBCONTRACT 1ST QUARTER COMPARATIVE PERFORMANCE

		TOTAL AWARDS	SB AWARDS	%	GOAL
ARMY	FY 1986	\$ 518	\$ 25	4.9	
	FY 1987	607	29	4.7	5%
NAVY	FY 1986	\$ 794	\$ 12	1.5	
	FY 1987	2,146	24	1.1	5%
AIR FORCE	FY 1986	\$ 4,547	\$ 81	1.8	
	FY 1987	3,765	67	1.8	5%
DLA	FY 1986	\$ 5,851	\$106	1.8	
	FY 1987	5,868	107	1.8	5%
DoD	FY 1986	\$11,711	\$225	1.9	
	FY 1987	\$12,386	227	1.8	5%

\$-MILLIONS

EXHIBIT L

HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU) AND MINORITY INSTITUTIONS (MI) AWARDS 6 MONTHS-FY 1987 (IN MILLIONS AND PERCENT)

	<u>TOTAL AWARDS</u>	<u>%</u>	<u>%GOAL</u>
AWARDS TO HIGHER EDUCATIONAL INSTITUTIONS	\$832		
HBCU AND MI AWARDS	3	.35	5

